

## WATCH OUT FOR CREDIT REPAIR SCAMS

If you are looking for a way out of your credit problems, beware of so-called "credit repair" companies that falsely claim they can change or erase accurate negative information from your credit report.

There are no quick or easy cures for a poor credit history. If a credit repair company promises you it can clean up your credit report, remember the following:

- Your credit history is maintained by private companies called credit bureaus that collect information reported to them by banks, mortgage companies, department stores, and other creditors.
- These credit bureaus can legally report accurate negative credit information for seven years and bankruptcy information for 10 years.
- Accurate negative information cannot be erased from your credit record by companies advertising "credit repair" services.
- If you have a poor credit history, even if your past problems were due to illness or unemployment, time is the only thing that will heal your credit report.
- The only information in your credit report that can be changed are items that are actually wrong or beyond the seven or 10-year reporting period.
- The new FTC Telemarketing Rule prohibits so-called credit repair companies from requesting or receiving payment of any fee to remove derogatory information from, or improve, a person's credit history, credit record, or credit rating until you are provided with documentation demonstrating the services were provided.
- If there are genuine mistakes or outdated information in your report, you can fix them yourself for free or for only a few dollars.

If there are mistakes or outdated information on your credit report, you can notify the credit bureaus of the problems and provide as much information as you can about what is wrong with the report. The bureau must, at no charge to you, investigate the disputed information. It then must correct any mistake or delete any information it cannot verify. At your request, the bureau must send a corrected copy of your report to anyone who received the incorrect version within the past six months. Sometimes, it also is helpful to contact the creditor directly to ensure that the creditor's records are correct.

If these steps do not resolve matters, you can file with the credit bureau a written statement of up to 100 words explaining your side of the story. This explanation will be included in your credit report.

Consumers searching for an easy way out of their credit problems are susceptible to a wide range of credit-related scams in addition to credit repair fraud. Pay-per-call or 900 number services have become a popular vehicle for phony credit schemes. Television or print ads promise that "guaranteed" credit or cash loans are only a phone call away. Instead, the caller might receive a list of banks offering low-interest credit cards or a booklet on how to establish credit. Such calls can cost \$50 or more, but consumers rarely end up getting credit as a result know that if you call "900" or "976" numbers for information, you will be charged for the call, even if you decide you do not want what the company is promoting.

Beware of promotions for "gold" or "platinum" cards that promise to get you credit and build your credit rating even if your credit history is poor. Although they may sound like general purpose credit cards, some of these "gold" or "platinum" cards only permit you to buy merchandise from special catalogs and will not help you obtain credit from other sources.

Another scam involves your checking account number. It typically begins with a postcard advertising easy credit approval or low credit card interest rates. When consumers call, they are asked for their checking account number, supposedly as part of a "verification process." This number can be magnetically encoded on a draft, which is forwarded to the consumer's bank. Sometimes banks pay out hundreds of dollars from the consumer's account, not realizing that the consumer never approved the withdrawal.

For your protection, never give out your checking account number or credit card number unless you are certain that you are conducting business with a reputable company.

If you have had a problem with a credit repair company or a credit-related scam, contact the Consumer Protection Division at 328-3404 or toll free at 1-800-472-2600.